

1 permanent office on compulsive gambling, just like
2 there is a permanent Council on Alcoholism. There is
3 no reason in today's day of knowledge on pathological
4 gambling that our various Senate and House committees,
5 whether it's in Congress or whether it's in state
6 legislatures, should not have a committee on
7 compulsive gambling. Every Department of Health
8 should have an office of compulsive gambling, just
9 like we have offices on alcoholism and other
10 disorders. That's the very least that we can do.

11 And, certainly, I would hope that Congress,
12 and the gambling industry, whether it's the casinos,
13 and the state lotteries, and the other forms of
14 gambling, get together with us in the mental health
15 field and address the problems that have been created
16 by managed care and the lack of insurance, because
17 unless these individuals are treated we're simply
18 going to expound the problems.

19 CHAIRMAN JAMES: Thank you, Doctor Lorenz.
20 Unfortunately, I'm going to have to ask you to stop
21 there and turn now to Mr. Looney.

22 MR. LOONEY: Thank you.

1 My name is Ed Looney, I'm the Executive
2 Director of the Council on Compulsive Gambling in New
3 Jersey. We're a private non-profit organization. We
4 are an affiliate of the National Council on Problem
5 Gambling, which started in 1973, and now there are
6 about 34 affiliate like ourselves all over the country
7 and we have two in Canada.

8 Again, we only do prevention education
9 referral, we don't do any treatment. I'd like to just
10 give you an overview on the council and what we've
11 been doing in New Jersey, and some of the problems
12 we've been facing. I'd like to also talk on three
13 different areas. I'd like to talk about adolescents,
14 I'd like to mention something about seniors. I'd like
15 to talk about the prison population, and I would like
16 to give you four recommendations. I know in my
17 written material I gave you, I think, over 100, I'm
18 facetiously saying.

19 In essence, the council started in 1982 at
20 the behest of the Health Department. The Health
21 Department found out, they did a survey in 1979, and
22 they found out there was 175,000 compulsive gamblers

1 supposedly in New Jersey and no information being
2 given to that.

3 So, we started it with some \$50,000.00
4 money, and we were off and running. Our first help
5 line was in 1984. We got a bit 694 calls our first
6 year, the 1-800-GAMBLER, a very popular number, we are
7 able to get it now on every lottery ticket, every
8 racing industry, on every racing schedule, in every
9 casino advertising we have the 1-800-GAMBLER number.

10 In 1996, though, we now had 26,000 calls
11 from residents from New Jersey. We can throw out
12 about 30 percent of those as what we call calls that
13 were not -- they were not for compulsive gambling
14 issues, they were for maybe somebody saw the number on
15 the lottery, et cetera, but we really get about 16,000
16 good calls out of that 26,000.

17 In 1997, the figures are not in, but it
18 looks like around 33,000, so we are up about 7,000
19 calls for New Jersey residents.

20 We started, there was a need to start
21 certification of mental health professionals and treat
22 them about compulsive gambling, so our Council on

1 Compulsive Gambling started the first certification of
2 gambling councils anywhere in the world and we are
3 very, very proud of that. There is now about seven or
4 eight different certifications all over the country,
5 and as gambling comes into an area people are getting
6 certified and learning about compulsive gambling.

7 We introduced our help line nationwide, and
8 I've given you a report of three years, 1993, '94 and
9 '95, where we documented every area code of the
10 country that called that 1-800-GAMBLER number, and
11 it's interesting that where you bring gambling into an
12 area we saw increases in calls from those particular
13 areas.

14 One good example would be Louisiana, if you
15 get a chance to check that some time later. In 1993,
16 we got, I think, 650 calls from Louisiana. In 1994
17 and '95, in '94 they brought in about ten or 11
18 riverboats into that area within a 14-month period of
19 time, the next year we received 2,000 calls, and then
20 when things settled down the following year we
21 received 4,000 calls from Louisiana.

22 So, I think it kind of like gives a little

1 indication where we bring gambling into an area, and
2 people are exposed to it, we are going to have some
3 people that are going to call about problems.

4 I can tell you New Jersey had 12 Gamblers
5 Anonymous meetings in 1976, today, as we speak,
6 there's over 60 Gamblers Anonymous meetings in New
7 Jersey. Again, that's a correlation we find from all
8 over America, where we bring increasing gaming we see
9 an increase in Gamblers Anonymous groups.

10 I'd like to tell you about adolescents real
11 quickly. In 1985, that's a long time ago, we did a
12 study in four major high schools in New Jersey, 792
13 youngsters in the junior and senior years, 55 percent
14 of them happened to be female, and here's what some of
15 the things they found. Eighty-six percent gambled at
16 least once during the year, 32 gambled weekly in the
17 year, 45 gambled in the casinos. By the way, a side
18 note, in 1986, which I gave you some information on,
19 all the casinos have to, and they do a heck of a job
20 in trying to keep kids out, last year, though, in
21 1996, the figure was 53,000 kids were stopped at the
22 door, 36,000 kids got on the floor, and out of that

1 36,000 kids that they took off the floor almost 400 of
2 them were gambling, and over 400 of them actually were
3 arrested and had to face a judge because of some
4 significant thing they did, and mostly it was
5 gambling.

6 We're finding it's not only casino gambling
7 that kids are involved in, they gamble with lottery
8 tickets. Lottery gambling and under-aged gambling in
9 the state of New Jersey is pervasive, absolutely
10 pervasive.

11 Forty-five percent they said they gamble on
12 sports with a bookie. That's the real problem gambling
13 that they have in high schools today. Forty-five
14 percent also played the lottery, 12 percent told us
15 that they did it weekly, illegal gambling with the
16 lottery, not enforcing the rules, not enforcing the
17 age limit. Twenty-nine percent said they wagered on
18 horses and 11 percent gambled weekly.

19 I can tell you some of the crazy stories
20 that I've experienced. I've spoken to probably 150,000
21 youngsters in the last 12 years in high school
22 seminars, and I can tell you they gamble at nine and

1 ten years old in the inner city, they gambled on
2 nickels on dimes, fun things between each other. By
3 the time they get to high school they play cards for
4 larger amounts of money. There's a new game in town
5 called Seelo, that's been raging across America, in
6 New Jersey it's at epidemic proportions. They play
7 with three dice. Three years ago we had our first
8 death in one of our counties of kids playing a game
9 called Seelo, it's played with three dice.

10 The number one form of gambling that kids
11 get involved in, and get heavily -- that's
12 problematic, is the sports betting. Organized crime
13 is alive and well in the state of New Jersey, and in
14 doing business with our kids, absolutely
15 unequivocally. It's festering at the high school
16 level, but when we get to the college level it's
17 nearly epidemic proportions. I speak at about 15
18 colleges every year, we've got good documentation.
19 NCAA has does some stuff because of "the integrity of
20 the game" and we've got kids in football, college
21 football kids betting on their games. They did a
22 study with 2,000 athletes, and I'm sure you have that

1 copy, football players and basketball players, 2,000
2 of them said that, four percent of them said that they
3 gamble on their own teams, and 25 percent said they
4 gamble on other sports. I can go on any college
5 campus anywhere in America and within an hour I'll be
6 able to make a bet.

7 You talked about gambling before, and I
8 think if I ask anybody, let's list all the types of
9 ways we can gamble, you'd probably come up with six or
10 seven, but there's about 38 ways you can gamble.

11 When I go to the high schools, the kids ask
12 the question, Mr. Looney, how much is the most a
13 person lost betting and gambling? Well, up to four
14 years ago I said it was \$18 million. The fellow was
15 a grandson of a fellow that owned banks in Iowa, and
16 he embezzled \$18 million in a six-year period of time,
17 and he lost it all at Las Vegas and also gambling with
18 illegal book makers.

19 And then, a guy came along called Nick
20 Leeson, 28 year old genius that ran the Barrings Bank
21 of England, \$1.4 billion. They are in disarray, they
22 are going to break up this Barrings Bank of England.

1 It's so old that the Barrings Bank of England, we
2 borrowed money for the Louisiana Purchase. Nick
3 Leeson is sitting in prison. If I get an evaluation
4 on Nick Leeson the first thing I would do is ask him,
5 Nick, do you think you have a gambling problem? He
6 said, gambling problem, what are you kidding me, I'm
7 an investor. And, if they were to let me invest that
8 money for the next month they would turn around and I
9 would have made money for that bank. He invested money
10 in foreign banks, he used to market, he was doing
11 arbitrage, I don't even understand this stuff. I've
12 got two sons that are stockbrokers and they tried to
13 explain it to me. But, this kid was 28 years old.
14 So, we have stock market gamblers.

15 As we talked, on weekends in New Jersey we
16 have pitbulls, kids are fighting with pitbulls on
17 weekends. We have a Hispanic community, they are
18 betting on -- fights, up in the community, the Cuban
19 community, they are playing dominoes for big money, so
20 we talk about gambling, let's not look at the casinos,
21 let's look at the lottery, let's look at the whole
22 picture. We have a tremendous amount of gambling and

1 a lot of people are being affected by it.

2 I don't want to get too much into colleges
3 anymore, but I could tell you that, an inside story
4 again, all state football player, sitting on top of
5 his apartment building, 1987, he had stomach aches for
6 two days, mom is saying, what are you doing up here,
7 what's the matter, no, I've got a stomach ache. He's
8 ready to jump off the top of his apartment building,
9 and the mother just ran out, they grab each other, they
10 cry, they hold each other. What's the matter, he says
11 I'm so scared, Mom, I owe \$800.00 to the bookie in school.

12 We have kids that took \$6,000.00 out of a
13 bank account, 16 year old kid in western New Jersey,
14 to bet the lottery. It's dumb to buy lottery tickets,
15 one or two, the key is, with all this advertising we
16 have, the kid got hooked into this, he took \$6,000.00
17 to use on lottery tickets. Okay. He lost, we got the
18 call from the emergency room at the hospital because
19 he slit his wrists. Okay.

20 I want to talk real quickly about seniors.
21 These are the people, 32 percent of our calls in 1996,
22 2,000 seniors numbered, called us with a gambling

1 problem. Number one form of gambling for the casinos
2 -- for the elderly, was casino gambling. They love to
3 play Bingo, they love to play lottery. The state of
4 New Jersey has 60,000 Bingo games in a year. We don't
5 have high-priced Bingo, but we have the low price, but
6 it doesn't matter, people still get in trouble.

7 Male seniors like to go to the race track.
8 There's 2,000 buses that go to Atlantic City on a
9 week, if you look at them, something like 60 to 70
10 percent are seniors. So, we see predominantly
11 seniors.

12 Surveys we did on a bus in Atlantic City,
13 in the bus terminals, we find there are 52 people on
14 a bus, 49 people lose on an average. There's never any
15 arguments going down on the bus trip, people are
16 having fun, anticipation, excitement, and coming home
17 many times we have the arguments.

18 We've talked to seniors. We opened a senior
19 outreach program, the first one in the country, just
20 because we were seeing so many seniors being
21 devastated with compulsive gambling. We've spoken to
22 senior citizens, we've spoken to 4,000 seniors, what

1 are they doing, some of the people are telling us that
2 they have equity loans on their homes. We are seeing
3 that there's stealing going on, fraud, credit card
4 fraud, little white collar crimes amongst themselves.
5 Seniors are being affected tremendously, and our
6 senior population we consider 55 years and over, I can
7 tell you that as we talk every day 3,000 people turn
8 50, and in the year 2010 we are going to have like 94
9 million seniors.

10 One casino executive told me that our regular
11 customers are 63 year old seniors.

12 I want to tell you one fast story about the
13 seniors. I get five to six calls like this that I get
14 choked up on. These are the hard calls. The widow
15 who is 65 years old has been well taken care of by her
16 husband who has passed away. Six years ago my husband
17 died, I had plenty of money, but I'm lonely. I don't
18 want to get involved with other men. We are finding
19 that the senior citizens are very lonely people. I
20 don't want to get involved with seniors, I feel so
21 missed with this relationship. I found a bus trip down
22 to Atlantic City, a fun trip with other people. You

1 know, the loneliness was gone, but when I came back it
2 was there again. So, more frequent trips to Atlantic
3 City, and they break down on the phone.

4 I get five or six of them, come to the hot
5 lines and listen to them. I can't, I can't, I'm so
6 embarrassed, I'm relying on my kids, and these people
7 can't make a come back, that's my seniors.

8 Let's go to the prison population, and real
9 quickly I'm going to tell you, in New Jersey we have
10 28,000 people that are housed in prison. I've been
11 going to prison meetings for 27 years and doing
12 education in prison. I can tell you that Henry
13 Lesieur, the gentleman that was over here before, a
14 most remarkable individual, gave us some wonderful
15 statistics, 30 percent of the people in prison
16 indicated themselves that they did something illegal
17 in order to get money to gamble.

18 We are a smart society, we spend \$25,000.00
19 to \$28,000.00 in New Jersey to house a prisoner for
20 one year. Give me \$5,000.00 and I'll show them how you
21 can treat the compulsive gambler. Recidivism rate in
22 1986 in New Jersey, I don't know what it is now, but

1 a person coming out of prison, the corrections prison,
2 they call it corrections now, we correct people, and
3 it's a joke, 28 percent of the -- 46 percent of the
4 people will commit a crime within the first year, 92
5 percent commit within five years. We, in other words,
6 have rehabilitation of people in prison in the state
7 of New Jersey in 1985 of eight percent.

8 We found that there's not only compulsive
9 gamblers in prison, we know there's drug addicts.
10 They tell me in some prisons that they did studies
11 where 63 percent drug and alcoholics. We think
12 there's 30 percent of those that are compulsive
13 gamblers also, so without treatment these people are
14 going to come out and commit more crimes.

15 Let me just finish up some of the things
16 that I'd like to think we should do. Every compulsive
17 gambler goes through three things, the winning, losing
18 and desperation stages. During the desperation stages
19 they do two things that other addicts don't do, high
20 criminal activity. Eighty to 90 percent of people in
21 Gamblers Anonymous will tell you they did something
22 illegal in order to get money to gamble. A lot of

1 them do white collar crimes, fraud, credit card,
2 employee theft type of thing.

3 The other thing that's high is all
4 bankruptcies. There was a study that just came out on
5 bankruptcies. Guess which county, they took every
6 county in the country, and it's a survey that we
7 didn't do, and it came out that they said that if you
8 had a gambling entity within that county, in one of
9 them 18 percent higher bankruptcy rates. If you had
10 five gambling entities within that county, it jumped
11 to 35 percent. Guess which county in the state of New
12 Jersey has 71 percent highest bankruptcy of the
13 average of all the counties in New Jersey, Atlantic
14 County. So, again, bankruptcies we know, we've been
15 knowing that for years, compulsive gamblers get
16 involved in that type of thing and it costs a lot of
17 people money.

18 The desperation phase is a very tough phase
19 for family members, too, and the compulsive gambler
20 affects between six and ten people in a very
21 significant way.

22 Here are my four suggestions. Federal

1 office on problem and compulsive gambling, absolutely,
2 unequivocally, you need something like that, dignify
3 compulsive gambling, put it in its place next to
4 addictions on the federal level, you have to do that.

5 Curriculum from K-12, there's not one
6 curriculum in any schools in the country. I go to 35
7 high schools a year. One of the police officials
8 said, Mr. Looney, why don't you go to the
9 kindergarten, that's where you've got to start, and
10 he's right. We've got to give education -- they are
11 gambling in the sixth grade, that's when they start,
12 so we really need education K-12.

13 We need to fund counselors, like ourselves.
14 Most states do not give money for compulsive gambling.
15 Most states do not give any money for compulsive
16 gambling, and most states don't give anything for
17 compulsive gambling. We have 34 affiliates that have
18 more passion, more understanding, more intellect than
19 I do, I got some money from our state, our state gave
20 us some money, which was wonderful, they gave us
21 \$500,000.00. We had a premier operation, we can do
22 all these wonderful things, there's people that can do

1 the same things all across the country but they don't
2 have the money to do it.

3 The other thing --

4 CHAIRMAN JAMES: Mr. Looney, thank you very
5 much.

6 MR. LOONEY: -- okay.

7 CHAIRMAN JAMES: I'm going to ask you to
8 submit, of course --

9 MR. LOONEY: Sure, I gave it.

10 CHAIRMAN JAMES: -- and I'm sure we have
11 them, but for the benefit of the audience we will have
12 the rest of your statement in writing.

13 MR. LOONEY: Okay.

14 CHAIRMAN JAMES: And, I do want to thank
15 both of you.

16 I will take the time for one or two
17 questions from any commissioners before we move on to
18 Mr. Wexler.

19 COMMISSIONER LANNI: For Doctor Lorenz,
20 I think you made a compelling oral

21 argument. I don't think we've met before, have we?

22 DOCTOR LORENZ: No, we haven't. Well, I

1 heard you speak at the opening of the MGM Grand.

2 COMMISSIONER LANNI: You really did?

3 That's amazing.

4 DOCTOR LORENZ: Yes, I did.

5 COMMISSIONER LANNI: I didn't join MGM
6 Grand until June of '95. I must have been there in
7 spirit, if not in person. But, if you thought you
8 heard me, I appreciate that.

9 DOCTOR LORENZ: No, I thought it was you,
10 I apologize.

11 COMMISSIONER LANNI: That's all right.

12 I have a question. I thought your oral
13 testimony was quite meaningful, and I support most of
14 what you said. You did not refer much in the oral
15 testimony, or if I listened correctly at all to
16 illegal gambling. Yet, in your written testimony you have
17 reference to illegal gambling.

18 With the studies and the treatment that
19 you've been involved in, to what degree have you been
20 -- do you find people who have the problems that they
21 have and that you've dealt with are products of
22 illegal gaming as compared to legal gaming?

1 DOCTOR LORENZ: Probably 20, 25 percent
2 might be illegal gambling, and typically those are
3 sports bettors, and they tend to be some of our
4 younger addicts. Most of our residential patients,
5 the most acutely disturbed tend to be casino gamblers
6 first, at a lesser level the race track gamblers, with
7 a long history of gambling. But, really, we see all
8 types of gambling, whether it's lottery addicts, Keno
9 addicts, Bingo addicts, the devastation is the same
10 and the contributing factors are the same.

11 COMMISSIONER LANNI: A couple of follow-
12 ups, if I may. I think we've established the fact
13 that we probably haven't met. Do you know a number of
14 people in the gaming industry?

15 DOCTOR LORENZ: Yes, I do.

16 COMMISSIONER LANNI: You do, executives.

17 DOCTOR LORENZ: I know some.

18 COMMISSIONER LANNI: You obviously have a
19 very low opinion of them, in looking at your second to
20 last paragraph in your written response, you indicate
21 that we are totally lacking in personal responsibility
22 and integrity. I'm offended by that, we've never met,

1 but if you choose to believe that some 700,000 people
2 in this country are lacking in integrity and
3 responsibility you have not done a very good study.

4 DOCTOR LORENZ: I am talking about the
5 response to pathological gambling, which has been
6 virtually nil. Over the many years, the 20-25 years
7 that we have spoken with casino personnel, with
8 lottery personnel, as well as personnel from other
9 gambling venues.

10 COMMISSIONER LANNI: You also refer to the
11 fact that we are totally lacking in social
12 consciousness and the gaming industries are enemies,
13 the industry is an enemy, not an ally.

14 DOCTOR LORENZ: That's right, I totally
15 believe that, and that's --

16 COMMISSIONER LANNI: You also --

17 DOCTOR LORENZ: -- based on 25 years of
18 experience. The help that has been given to
19 pathological gamblers, either for employees of the
20 industry or for non-employees, is minimal. Again, we
21 have had any number of employees, either from casinos
22 or state lotteries, who do not have health insurance,

1 who do not get the support from the industry for the
2 treatment that they need.

3 COMMISSIONER LANNI: You also indicated
4 here that a preponderance of the casino personnel
5 represent this Commission, can you tell me how five of
6 the people on this Commission represent the casino
7 industry?

8 DOCTOR LORENZ: I see no representative
9 here from the pathological gambling industry. I see
10 three of them directly connected, directly or
11 indirectly connected, which would be you, and Mr.
12 Bible and Mr. Wilhelm.

13 COMMISSIONER LANNI: Yes. You indicated,
14 I think also, that people who have pathological
15 problems are very good with numbers. I don't think
16 you are very good with numbers, I can tell you that,
17 pathological or not, and there's no reference to that.
18 Maybe your oral word is more logical than your written
19 word.

20 And, I'm very offended by your second to
21 last paragraph. It's not substantiated.

22 DOCTOR LORENZ: Quite frankly, I'm quite

1 good with numbers. As a matter of fact, I majored in
2 banking before I got into the mental health field.

3 COMMISSIONER LANNI: I hope the bank did a
4 little bit more successfully in its operation than you
5 did in your written word.

6 DOCTOR LORENZ: They did very well, thank
7 you.

8 COMMISSIONER LANNI: Good, I'm glad they
9 did, but I'm offended by that, it lacks credibility,
10 and it really -- it's a sad thing, because you made a
11 wonderful oral presentation. Most of your letter was
12 quite reasonable, and, as I said, I agree with most of
13 it, but when you come to the second to last paragraph
14 and attack an entire industry, you lose credibility
15 with me.

16 DOCTOR LORENZ: Mr. Lanni, we have spoken
17 with state lottery directors, casino personnel, other
18 gambling venues for many years. How much money is
19 allocated for pathological gambling, for treatment,
20 for prevention, for research? I think that answers
21 your question.

22 COMMISSIONER LANNI: Doctor, I shan't get

1 into an issue of discussing things with you, but that
2 is a definite non-sequitur.

3 CHAIRMAN JAMES: Again, I want to thank our
4 two panelists, I appreciate your input this morning,
5 and now we're going to hear from Mr. Arnold Wexler.

6 Mr. Wexler, where are you? There you are.
7 Good morning.

8 MR. WEXLER: Good morning, it's a pleasure
9 to be able to appear in front of this Commission, and
10 I appreciate the opportunity.

11 My name is Arnie Wexler. I've been
12 President of Arnie and Sheila Wexler Associates since
13 1994. We do trainings, education seminars and
14 consultings, evaluations and treatment service for and
15 about compulsive gamblers. I'm also a recovering
16 compulsive gambler, and placed my last bet April 10,
17 1968.

18 I'm not a prohibitionist. My only
19 objective is to help compulsive gamblers and their
20 families. We've been involved in trying to raise
21 public awareness on this issue for over 29 years.

22 Thirty years ago this month I was in the